## Message Text

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INFO OCT-01 ISO-00 IO-13 AF-10 ARA-10 EA-07 EUR-12 NEA-10 AGR-01 L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AID-05 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02 EPG-02 SIL-01 STR-04 TRSE-00 CEA-01 /113 W

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USEEC USOECD

E.O. 11652: N/A TAGS: UNCTAD. EGEN

SUBJ: CIEC OUTCOME AND UNCTAD COMMON FUND

1. IN DISCUSSION JUNE 14 WITH CHARGE AND ECMIN, JAMAICAN AMBASSADOR WALKER (WHO IS ALSO CHAIRMAN OF COMMON FUND NEGOTIATING CONFERENCE) GAVE HIS VIEWS ON CIEC RESULTS AND OUTLOOK FOR COMMON FUND NEGOTIATIONS. HE STATED LDCS DISSATISFIED WITH CIEC RESULTS BUT WERE NOT IN CONFRONTATIONAL MOOD. THIS WAS LARGELY RESULT OF THEIR ATTITUDE TOWARD NEW U.S. ADMINISTRATION. WHILE SOME LDC REPS CONSIDERED THAT THERE HAD BEEN NO REAL CHANGE IN U.S. POSITION OR ATTITUDES ON NORTH-SOUTH USSUES WITH CHANGE IN ADMINISTRATION, OTHERS SAW SIGNIFICANT DIFFERENCES. STILL OTHERS WERE FRANKLY PUZZLED AS TO ROLE U.S. WOULD BE PLAYING. PARTLY IN VIEW OF THIS UNCERTAINTY ON PART OF MANY, WALKER SAID LIMITED OFFICIAL USE

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INCLINATION OF LDCS SEEMED TO BE "WAIT AND SEE" RATHER THAN PRESS TOO HARD AT THIS TIME. AMBASSADOR WALKER, WHO HAD ATTENDED FINAL CIEC MEETINGS, WAS PARTICULARLY IMPRESSED BY IMPACT SECRETARY VANCE HAD MADE AT THAT MEETING. HE CONSIDERED THAT THE SECRETARY'S PRESENTATION AT CIEC HAD MADE AN ESPECIALLY FAVORABLE IMPRESSION.

2. CONCERNING COMMON FUND, WALKER CONSIDERED CIEC AGREE-MENT HAD BEEN POSITIVE ADVANCE, BUT NOTED THAT G-77 AND GROUP B COUNTRIES SEEMED TO HAVE DIFFERENT UNDERSTANDING OF NATURE OF COMMON FUND TO BE NEGOTIATED. WALKER CON-SIDERED SIMPLE POOLING AGGRANGEMENT WOULD BE INADEQUATE AND SUGGESTED THAT IF GROUP B COUNTRIES WERE UNWILLING TO AGREE TO COMMON FUND WITH CENTRAL SOURCE FINANCING, THERE WOULD BE GREAT DISAPPOINTMENT AND DISSATISFACTION. WALKER CONSIDERED RECENT "FAILURE" OF SUGAR NEGOTIATIONS DEMONSTRATED DESIRABILITY OF CENTRAL SOURCE FINANCING. HE CONSIDERED U.S. SUGAR PROPOSALS HAD BEEN CONSTRUCTIVE BUT THAT PROBLEMS CONCERNING FINANCING OF BUFFER STOCKS WE HAD PROPOSED WERE ONE OF THE REASONS MEETING HAD NOT SUCCEEDED. IF THERE HAD BEEN COMMON FUND WITH CENTRAL FINANCING TO HELP DEAL WITH THIS PROBLEM. TASK WOULD HAVE BEEN EASIER. WE ASKED WHETHER G-77 WOULD BE READY FOR RESUMED CF NEGO-TIATIONS IN NOVEMBER. WALKER SAID THAT THE KEY TO COMMON G-77 POSITION WILL BE TO GET AFRICANS TO AGREE TO REASONABLE PROPOSAL. UP TO NOW THEY HAVE INSISTED ON COMMON FUND THAT WOULD NOT ONLY FINANCE BUFFER STOCKS BUT WOULD HAVE "SECOND WINDOW" FOR OTHER PURPOSES AND COULD ALSO DIRECTLY INTERVENE IN COM-MODITY MARKETS. MAJOR PROBLEM IN DEALING WITH THE AFRICANS HAS BEEN THAT MOST AFRICAN COUNTRIES ARE NOT OR ARE ONLY NOMINALLY REPRESENTED IN GENEVA. HOWEVER, THERE WILL BE GENERAL G-77 MEETING IN JULY TO SORT MATTER OUT. IN CONCLUSION, HE EXPRESSED CONFIDENCE G-77 WOULD BE READY IN NOVEMBER. IN THIS CONNECTION HE UNDERLINED IMPORTANCE OF INFORMAL CONSULTATIONS BETWEEN LIMITED OFFICIAL USE

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G-77 AND GROUP B BEFORE NOVEMBER. WE NOTED GROUP B WILL BE BEGINNING POST-CIEC COORDINATION IN OECD NEXT MONDAY. WALKER ALSO ATTACHED IMPORTANCE TO DRAWING EAST EUROPEANS INTO PROCESS BUT PREDICTED THEY WOULD GO ALONG WITH ANY COMPROMISE THAT CAN BE WORKED OUT BETWEEN G-77 AND GROUP B. SORENSON

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